

VZCZCXRO6007
OO RUEHCHI RUEHDT RUEHHM
DE RUEHML #2319/01 1531146
ZNR UUUUU ZZH
O 021146Z JUN 06
FM AMEMBASSY MANILA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1291
INFO RUEHRC/USDA FAS WASHDC 1269
RUEAUSA/DEPT OF HHS WASHDC
RUEHPH/CDC ATLANTA GA
RUEHC/DEPT OF INTERIOR WASHDC
RUEHXS/ASEAN COLLECTIVE
RUEHKO/AMEMBASSY TOKYO 2687

UNCLAS SECTION 01 OF 02 MANILA 002319

SIPDIS

SENSITIVE

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E.O. 12958: N/A

TAGS: [TBIO](#) [SENV](#) [EAGR](#) [EAID](#) [PREL](#) [RP](#)

SUBJECT: THE AMBASSADOR'S MEETING WITH AGRICULTURE
SECRETARY

SIPDIS

REF: A) MANILA 2207 B) MANILA 1567 C) MANILA 860
D) STATE 023826 E) 05 STATE 209622

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SUMMARY

¶1. (SBU) The Ambassador met with Agriculture Secretary Panganiban on May 31 to discuss the status of the PL 480 agreement, continuing USG support for agricultural development in Mindanao, and the GRP's response plan for avian influenza. Panganiban confirmed the GRP had approved the PL 480 agreement. He then reported the GRP's plan for increasing agricultural production and exports from Mindanao. Panganiban emphasized the GRP's focus on prevention of potential avian influenza outbreaks.

PL 480

¶2. (SBU) The Ambassador, accompanied by the Acting Foreign Agricultural Service Counselor, met with the Agriculture Secretary Domingo Panganiban on May 31. The Ambassador acknowledged the strong agricultural relationship between the U.S. and RP and asked Panganiban about the status of the PL 480 agreement negotiated by U.S. Department of Agriculture and the Philippine Department of Agriculture (DA) in February. Panganiban stated that PL 480 was on the agenda of a Cabinet meeting held on May 30, and it was approved. The Ambassador emphasized the importance of signing PL 480 as quickly as possible.

¶3. (SBU) The Ambassador asked Panganiban about the DA's priorities for agricultural development. Panganiban responded that the GRP planned to continue agriculture training programs through the Fulbright program. Another priority is funding of biotechnology projects, particularly rice and corn, in order to increase food production and nutritional value. Currently the National Food Authority is the sole importer of iron-fortified rice, targeting the areas of Tawi-Tawi and Jolo in Mindanao, and Masbate.

AGRICULTURE IN MINDANAO

¶4. (SBU) The Ambassador asked Panganiban about how PL 480 will help agriculture in Mindanao. Panganiban responded that projects will enable increases in production of rubber and palm oil as commodities, as well as fruits, fisheries, and aquaculture. The Ambassador emphasized the USG's continued interest in developing agriculture in Mindanao. Panganiban also stated that RP's livestock industry, particularly in Mindanao, has the potential for growth. Growth rates currently range from 1.7 percent to 2.7 percent, mostly due to lack of government funding. He anticipates an increase in exports of halal meat products, including sheep, goat, and poultry products, to Muslim countries, including Saudi Arabia. Panganiban also praised USAID's Growth with Equity in Mindanao (GEM-2) program.

AVIAN INFLUENZA

¶5. (SBU) Panganiban recognized that although no avian influenza cases have been reported in the RP, prevention is a priority for the GRP. He stated that the GRP currently has a two-pronged approach to prevent avian influenza. Using funds provided by USAID and New Zealand, the GRP will conduct a rural information campaign for poultry workers and develop an inventory of the poultry population. The GRP has also begun a public awareness campaign using radio and posters which have not yet thoroughly penetrated local communities.

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The Ambassador asked about using local veterinarians, and Panganiban answered that local veterinarians are trained to detect avian influenza but the GRP has to coordinate further with local governmental units. The Ambassador and Panganiban agreed that prevention and education would have to be done at the local level.

¶6. (SBU) Panganiban mentioned his US-sponsored attendance at an APEC conference in Hanoi, where he learned that Indonesia, Thailand, and Vietnam involved the private sector in their response to their avian influenza breakouts. He stated that private industry in the RP is also concerned about avian influenza, as this may affect chicken exports. The RP poultry exports have recently been reopened to Japan. Japan had placed a temporary ban on poultry imports from the RP after an AI scare involving a Filipino duck farm in July 2005. Tests later confirmed that the ducks did not have AI. However, Japan maintained its ban of RP poultry for close to one year. The resumption of poultry exports is good news to Filipino companies, which gained increased market share in Japan after outbreaks of avian influenza in major poultry exporting countries such as Thailand. Local companies are also entering into joint ventures for export of processed poultry products to Korea. Panganiban stated that while the World Health Organization has established pandemic preparatory measures, he believes that avian influenza should be stopped at the source by culling diseased chickens, thereby protecting the poultry industry.

COMMENT

¶7. (SBU) Cabinet approval represents the final step in the interagency approval process for PL 480. Indications are that the agreement should be ready for

signature before the end of June. Panganiban understood that while the RP does not have any recorded instances of avian influenza, preventative measures must be in place and appeared willing to consider creative means for prevention.

KENNEY